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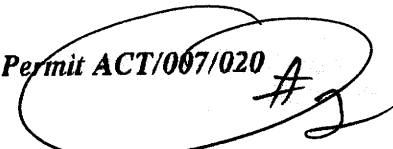
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Denise A. Dragoo (801) 237-1998
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March 9, 1999

Ms. Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas & Mining
1594 West North Temple
P.O. Box 145801
Salt Lake City, Utah 84114-5801**RE: Incidental Boundary Change, Horizon Mint Permit ACT/007/020** 

Dear Ms. Grubaugh-Littig:

As we have discussed, Horizon Mining, LLC ("Horizon"), is proposing to submit an Incidental Boundary Change for the Horizon Mine involving approximately 46 acres within Federal Coal Lease UTU-74804, issued September 1, 1998, enclosed. By letter dated February 23, 1999, you suggest that this change may require federal mining plan approval due to Horizon's entry into "leased federal coal for the first time". 30 CFR 746.18(d)(4). However, Horizon is currently mining federal coal under a right of way issued by the Bureau of Land Management ("BLM") and is not mining within the leasehold area "for the first time." Therefore, Horizon meets the criteria for an Incidental Boundary Change.

Under the terms of Mine Permit ACT/007/020, and federal coal right of way UTU-73227 ("ROW"), enclosed, Horizon has operated within a coal tunnel right of way on the following described federal mineral estate:

Township 13 South, Range 8 East, SLBMSection 8: SW1/4NW1/4SW1/4SE1/4,
W1/2SW1/4SW1/4SE1/4;
Section 17: W1/2W1/2SE1/4NE1/4.

The ROW was issued to Horizon by the BLM effective April 23, 1996. The ROW stipulations specifically require that Horizon "shall operate and maintain the facilities, improvements and structures within this right of way in strict conformity with its mine permit plan (Utah Division of Oil, Gas & Mining No. PRO-007/020). When approved, this permit is made part of the grant." Exhibit A, Stipulations, ¶ 1. Mine Permit ACT/007/020 was issued effective October 26, 1996, for "the permit area of Horizon No. 1 Mine and the federal coal right of way" . . . *Id.* at 1. Upon approval, Mine Permit No. ACT/007/020 was made a part of the grant of right

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of way. ¶ 1, ROW Stipulations. Horizon's operations within the ROW have been proceeding under the supervision of the BLM authorized officer, Steven Falk. In October, 1997, Horizon reviewed the approved mine plan with Mr. Falk during a pre-mining conference. Letter dated October 24, 1997, enclosed.

Effective September 1, 1998, Federal Coal Lease UTU-74804 was issued to Horizon on the following lands:

Township 13 South, Range 8 East, SLBM

Section 6: SESW, S2SE, NWSE;
Section 7: Lots 1-3, E2, E2W2;
Section 8: SENE, NWNW, S2NW, N2SW,
SWSW, W2SE;
Section 17: N2NW, SWNE;
Section 18: NENE.

This leasehold encompasses federal lands mined by Horizon under the ROW. Therefore, Horizon's proposed operations under the Incidental Boundary Change are not proceeding into leased federal coal lands "for the first time" under 30 CFR 746.18(d)(4).

Consistent with this clarification, Horizon will submit the proposed Incidental Boundary Change for the Division's review and approval this week.

Please let me know if you have further questions concerning this matter.

Very truly yours,



Denise A. Dragoo

DAD:jmc:79162

cc: Steven Falk, BLM
Larry Jones
Mark Wayment
Earthfax Engineering



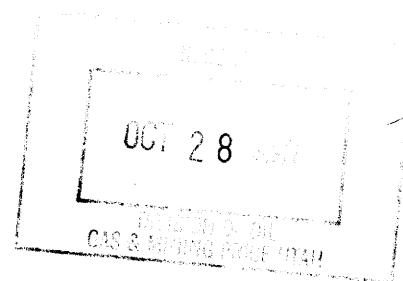
State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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October 10, 1997



To: Joe Helfrich, Permit Supervisor, Compliance

From: Bill Malencik, Reclamation Specialist

RE: Public Hearing/Call for Public Comments, Coal Lease Application UTU-74804

Date of Public Hearing: October 9, 1997, 7:00 p.m.-9:30 p.m.

Who Called Hearing: BLM

Where Held: BLM, Price Office

Who Attended:

BLM:	Max Nielsen, Steve Falk
Public 1:	Nick Sampinos, Price
Public 2:	Steve Stamatakis, Price
Public 3:	Pete Stamatakis, Price
Public 4:	Vicky Bailey, SLC
Public 5:	Rick Williamson, Legal Assistant, SLC
Public 6:	Bill Malencik, Price

My Interpretations of Public Hearing

BLM: Process - Good Job
Coal Lease Role: BLM
Coal Permit Role: Et. Al until final bond release, DOGM
Important Dates:
Comments to BLM by October 31, 1997
Lease Decision Date: December not firm
Review Mining History in the immediate area
NEPA/EA: No significant impacts

